

UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-15453

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In the Matter of:

China Cablecom Holdings, Ltd.
(n/k/a China Cablecom Ltd.),

Respondent.

----- X

RESPONDENT'S MEMORANDUM IN OPPOSITION TO
THE DIVISION OF ENFORCEMENT'S MOTION FOR SUMMARY DISPOSITION

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PRELIMINARY STATEMENT

The Division of Enforcement (the “Division”) clearly does not believe in second chances. Respondent China Cablecom Holdings (“CABLF”) urges the Commission that summary disposition is not appropriate in this case because of the very existence of the Commission’s option to grant CABLF a second chance.

With all respect, in its attempt to demonstrate the absence of a genuine issue of material fact, the Division actually has highlighted the disputed facts that auger strongly against its motion. Not surprisingly, indeed entirely appropriately, there is a certain sameness as between the arguments raised in the Division’s motion and those it raised successfully in the precedents it has cited to this Court. Application of the doctrine of *stare decisis* so dictates. In this context, however, as this Court is well aware, in most, if not all, of the cases cited to support the propriety of summary disposition, the Division itself was the successful movant. One way to view the Division’s position in these matters is “consistent.” Another view would be that the Division is monolithic and dogmatic in its approach. This Court need not be.

Historically, and in this case, the Division has taken the position that non-filers who become filers only after the Division commences an action are to be punished for their noncompliance and not rewarded for efforts to repair, characterized as “too little, too late.” The Division routinely, and in this case, takes the position that non-filers’ conduct is serious and egregious and their managers’ are culpable and incredible, such that their protestations of having reformed are not to be credited. Even one years’ missed filings is consistently, and in this case, characterized as a major transgression endangering all investors who, of course, depend on transparency as they entrust their fortunes to the efforts of others. Although each case is different, in the cases on which the Division relies in support of its motion, as in this case, the Division argues that the investors were particularly in need of that transparency and suffered for

the lack of it. Revocation, rather than suspension or, in the exercise of discretion, abstention, is seemingly always urged as the only appropriate remedy.

Thus, the Division offers implicitly an *a fortiori* argument: whenever an issuer is delinquent in its filings, that fact alone triggers all of the above conclusions. Indeed, in this instance, that is the only fact known to the Division and therefore offered by it in support of its position that CABLF is not just recalcitrant but culpable. While CABLF acknowledges that there is no scienter requirement to make out a 13(a) violation, there are issues that turn on the mind-set of the issuer (obviously as held by those who control it). Those issues turn on facts. While the Division has presented those facts as being uncontested, in reality the Division has resolved the factual contest simply by assuming culpability. Stripping away the Division's presumed facts reveals significant contested facts rendering summary disposition inappropriate and therefore unavailable.

I. STATEMENT OF FACTS¹

CABLF is a British Virgin Islands corporation, formed in 2007. Prior to March 2012, the Company was a joint-venture owner of cable television assets in the PRC, operating in partnership with a local state-owned enterprise ("SOE") authorized by the PRC government to control the distribution of cable TV services. In September 2007 and June 2008, the joint ventures acquired the networks the Company had previously operated in Binzhou, Shandong Province and in Hubei Province respectively. To do so, the joint venture entered into a series of

¹ There is of course no factual record for the Court's consideration. Except where otherwise noted, support for the Statement of Facts set forth herein can be found in the Form 20-F for the fiscal year ended December 31, 2012, filed by CABLF on or about December 6, 2013, at 6, 8-9, 16 -17, 23-24, F-21. Like the Division has done, in order to preserve natural resources, CABLF has provided only an excerpt from the 20-F, appended as Ex. A to the Declaration of Kerry Propper, dated December 20, 2013 ("Propper Dec."), but will provide the entire filing should the Court so desire.

asset purchase and services agreements with companies organized by SOEs owned directly or indirectly by local branches of the State Administration of Radio, Film, and Television to serve as holding companies of the relevant businesses.

CABLF filed an S-4 on October 31, 2007 and made its periodic and other filings through October 31, 2011, when it filed its 20-F for the fiscal year ended December 31, 2010. *See* Frye Dec., Ex. 5. Beginning in June 2010, the Company's securities were listed and traded on the NASDAQ Global Market under the symbol "CABL."

Through an intermediate entity, CABLF made significant capital contributions to the joint ventures, which were funded primarily through the issuance of debt. In late 2010, the government of Shandong Province announced that it was consolidating the cable assets of the province in a single company and required all cable companies in the province, including the joint venture in which CABLF participated, to transfer their assets to the new company by September 16, 2011. Ironically, the SOE that was CABLF's joint venture assessed a 5 million RMB (more than \$750,000 US) penalty against CABLF's entity for a failure to make certain capital contributions. Likewise, in October 2011, the Hubei SOE re-acquired the cable assets formerly held by the joint venture.

CABLF was able to negotiate with the Hubei SOE, which ultimately paid CABLF roughly \$59 million (US) for the cable assets. Company management is currently negotiating with the Shandong SOE to recover the capital it invested in the Shandong joint venture. In its recent filing, the Company expressed optimism that it will obtain a recovery.

On or about May 17, 2012, CABLF filed a form 12b-25 announcing a delay in the filing of its Form 20-F for the fiscal year 2011. Frye Dec. Ex. 5. CABLF did not file a similar form regarding its failure to file for fiscal 2012. On or about October 2, 2013, CABLF filed its 20-F for fiscal 2011, and on or about December 6, 2013, it filed its 20-F for fiscal 2012. NASDAQ

delisted the Company in or about May 2011, and the Company's securities currently trade in the over-the-counter market under the symbol "CABLF.PK."

Following the disposal of the Company's interest in the Hubei network and suspension of operations in Binzhou, the Company fell dormant, essentially becoming a non-operating company. During the time it was operational, the Company was managed by Chinese nationals residing in the People's Republic of China ("PRC"). Given that Chinese operations have ceased, PRC management no longer plays a role. At this point, the Company has assets (cash) but no operations. The key financial data included in the current 20-F indicates that the Company has just over \$10 million (U.S.) in cash and total shareholder equity of just under \$6 million. The contact person listed on the filed 20-F is Kerry Propper, a United States citizen. As CABLF has informed this Court, Mr. Propper's intent is to locate a productive use of the shareholders' investments, this time eschewing investments in China. Propper Dec., ¶¶ 2, 3.

II. THERE ARE GENUINE ISSUES OF MATERIAL FACT MAKING SUMMARY DISPOSITION UNAVAILABLE

The parties do not disagree about the applicable law. The disagreement comes in the application of those legal standards.

In *In the Matter of Gateway International Holdings, Inc.*, Securities Exchange Act Rel. No. 53907, 2006 SEC LEXIS 1288 (May 31, 2006), the Commission stated that its determination with regard to the advisability of sanctions needed to "ensure that investors will be adequately protected" would turn on the tension between "the effect on the investing public, including both current and prospective investors, of the issuer's violations, on the one hand, and the Section 12(j) sanctions, on the other hand." *Id.* at *19. In making that determination, the Commission looked to the following: "the seriousness of the issuer's violations, the isolated or recurrent nature of the violations, the degree of culpability involved, the extent of the issuer's efforts to

remedy its past violations and ensure future compliance, and the credibility of its assurances, if any, against further violations.” *Id.* at 19-20.

A. There is a genuine issue as to the seriousness of the issuer’s violations.

There can be no doubt that CABLF failed to file two Forms 20-F.² It cannot be, however, that the Commission meant to look to whether a filing was made or not as the litmus test for seriousness. Were that the case, then every failure to file would be serious. Moreover, the Commission looked in the *Gateway* case beyond simple non-filing. While some of the rudimentary facts in *Gateway* are present here as well – such as the passage of time, the absence of some notices of inability to file, and coming current only belatedly – those factors are, once again, present in virtually every contested case.

The more important factor, present in *Gateway* but absent here, is that as an operating company, with eight wholly owned subsidiaries, Gateway was an ongoing business exposing investors to substantial market risk every day. Without any insight into the manner in which the Company was being run, investors were walking a tightrope without a net.

CABLF is, at this point, a bank account. The Division has acknowledged that difference, but it has tried, in its memorandum, to argue that as such the investors have even greater need for transparency. The point is elusive. At the time that reporting ceased, there was no money in the bank and all that could be reported was that Company leaders were trying their best to wrest the Company from the Chinese. After management’s virtually miraculous success in doing so, all that transparency would achieve now for the shareholders is the re-confirmation, once a year, that the money is still in the bank.

Now that the Company is armed with cash, and now that management (Mr. Propper) is developing and executing an investment search, there is indeed a benefit to transparency. It is

not a coincidence, therefore, that the Company undertook to become current after it succeeded in wresting control of the Company, and some cash, from the Chinese.

Accordingly, once the full record is developed, the Commission could easily determine that the violation was not serious. In any event, at the current stage of the litigation, that is a contested fact.

B. There is a genuine issue as to the isolated or recurrent nature of the violations.

The Division states blithely that CABLF's violation are recurring because it filed one, but not two, Forms 12b-25. There is an obvious question of fact as to whether the violation was isolated or recurrent. It is certainly easy to understand how an issuer could have felt that, since it had announced that it could not file 2011, which announcement was followed by the absence of the filing, another announcement as to the succeeding year was not required. Although obviously CABLF does not maintain that its failure to file the second 12b-25 is excused for that reason, that is not the point. Rather, this Court must determine whether the violations are likely to recur, and there is absolutely no factual record on which this Court could conclude that they are.

C. There is a genuine issue as to the degree of culpability involved.

Once again, the Division's arguments are *a priori*, basing its claim of culpability on the simple fact of noncompliance. CABLF urges the Commission to consider what actually happened here. A promising investment suddenly ceased to exist because of arbitrary action of a foreign government. At that point, the focus of Mr. Propper's attention was recovering assets. While that is not a defense to noncompliance with the reporting requirements, it does go to the degree of culpability. Moreover, as Mr. Propper has stated in his declaration, he is very much aware of his fiduciary responsibilities, and takes very seriously his obligations to the

² Quarterly filings are not mandatory for off-shore entities.

shareholders. At best, therefore, Mr. Propper's intent, and by extension the culpability of the Company, is a question of fact.

C. There is a genuine issue as to the extent of the issuer's efforts to remedy its past violations and ensure future compliance, and the credibility of its assurances, if any, against further violations.

Division claims that CABLF came current only after, and therefore because of, the Division's threat to bring an action, which was followed by the commencement of the action. Other than the notion of *post hoc ergo propter hoc*, which is tellingly referred to as a "fallacy," the Division offers no evidence that the desire to come current did not pre-exist the Division's taking action or that the motivation was anything other than to avoid penalties. Mr. Propper has told this Court that he is looking for another investment. Clearly, if he were to do so, he would have to cause the Company to become current on its filings.

The Division's assertion that CABLF does not "even have the bad excuse of a change in its management" highlights the factual dispute here. While the Division points to the fact that as a formal matter the officers have not yet been replaced, as a matter of fact, as set forth in Mr. Propper's declaration, he, and not Chinese management, is now in charge. The import is two-fold. First, no matter that the Division denigrates it as a defense, whether there has been a changeover in management and how that impacts on future compliance is an issue of fact. Second, the "bad defense" of change in management might be a little more appealing to the Division in this case, given that old management was predominantly Chinese, and therefore likely to be unfamiliar with the Commission's rules, and new management is American.

In any event, in the absence of a factual record, summary disposition here is unwarranted.

D. There is a genuine issue of fact as to the appropriate remedy.

The arguments above are directed to whether there need be a remedy at all, and CABLF strongly urges that no remedy is required. If the Commission feels otherwise, however, it has a

choice of suspension or de-registration. As between these two choices, the Commission should be guided by its view of each of the above factors and the overall factual context. Without a developed factual record, however, the Commission cannot make that determination.

E. Shareholders would be hurt by de-registration.

Both parties agree that the focus of Section 12(j) is protection. For that reason, action by the Commission under Section 12(j) is discretionary (the Commission's action is authorized "as it deems necessary or appropriate for the protection of investors"). The exercise of that discretion depends on the underlying factual record. CABLF urges, respectfully, that it is clear that revocation or even suspension of registration will do more harm to investors than good, given the facts of this case. In any event, unless and until that factual record is developed, the Commission, acting through this Court, cannot conclude that as a matter of uncontested fact shareholders would be better off with de-registration.

The shareholders invested in CABLF because they wanted to employ their resources in a productive manner. Mr. Propper has assured this Court that he understands that and that it is his mission to assist the investors in achieving that goal. Were he to liquidate the Company and distribute whatever cash remained, that cash would be severely diminished by legal and other expenses, and at the end of the day the (then former) shareholders would not be nearly as well off as they would be were Mr. Propper to locate a productive investment. There certainly is risk involved, but the shareholders understood and accepted that risk when they invested.

III. CONCLUSION

For the reasons stated above, CABLF respectfully requests that this Court deny the Division's motion for Summary Disposition. Should the Court determine that summary disposition is appropriate, CABLF urges that a short suspension, giving the Company time to locate an alternative investment, would be more appropriate than a revocation.

Dated: December 20, 2013

Respectfully submitted,

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UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION

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In the Matter of:

China Cablecom Holdings,Ltd.
(n/k/a China Cablecom Ltd.),

Respondents.
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**DECLARATION OF KERRY PROPPER IN OPPOSITION TO THE MOTION
FOR SUMMARY DISPOSITION OF THE DIVISION OF ENFORCEMENT**

KERRY PROPPER, pursuant to 28 U.S.C. § 1746, declares:

1. I am a director of China Cablecom Holdings (“CABL” or the “Company”) and have so served since October 2007. I submit this declaration on personal knowledge in opposition to the Division of Enforcement’s motion for summary disposition.

2. As set forth in CABLF’s current 20-F, the Company initially formed joint ventures with two entities, one owned by the Hubei provincial government and the other owned by the Binzhou provincial government, to own cable assets. Following the disposal of the Company’s interest in the Hubei network and suspension of operations in Binzhou, the Company fell dormant and became essentially a non-operating company.

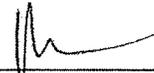
3. During the time it was operational, the Company was managed by Chinese nationals residing in the People’s Republic of China (“PRC”). Given that Chinese operations have ceased, PRC management no longer plays a role. At this point, the Company has assets (cash) but no operations. I am very much aware of my duty to maximize value for the shareholders, and in that regard my intent is to locate a productive use of the Company’s cash.

In my view, liquidating the Company and distributing cash to the shareholders does not maximize value for the shareholders. Rather than incur the costs of a liquidation and working through the logistics of a distribution, and essentially telling the shareholders that "I give up; you are on your own," I believe that the shareholders would benefit much more if I can locate a viable, profitable investment for the Company. I do not intend, however, to look for further investments in China.

4. Attached hereto as Exhibit A are excerpts from the Form 20-F filed by the Company for the fiscal year ended December 31, 2012.

I declare under penalty of perjury that the foregoing is true and correct.

New York, N.Y.
December 20, 2013



Kerry Propper

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2012.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

for the transition period from _____ to _____

Commission file number **001-34136**

China Cablecom Holdings, Ltd.

(Exact name of the Registrant as specified in its charter)

British Virgin Islands

(Jurisdiction of incorporation or organization)
Room 458, North Building, Wenjiao Plaza
No. 1 Qingnian Dong Road
Jinan, People's Republic of China 250001

(Address of principal executive offices)

Kerry Propper, (646) 465-9000
17 State Street, Suite 2575, New York, NY 10004

(Name, Telephone, E-mail and/or Facsimile Number and Address of Company Contact Person)
Securities registered or to be registered pursuant to Section 12(b) of the Act:

	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Year Ended December 31, 2011	Year Ended December 31, 2012
(in US\$ thousands, except for share data)					
Statement of Income Data:					
Management fee income	-	1,005	4,450	4,632	-
Shares of profit (loss) on operating joint ventures	89	(1,223)	(8,248)	(2,448)	-
Gain on disposal of investment	-	-	-	-	7,890
Operating profit/(loss)	(5,182)	(5,185)	(9,248)	(2,521)	4,711
Interest expenses	(8,654)	(9,855)	(4,212)	(6,640)	(10,844)
Loss before income tax	(13,410)	(54,638)	(13,432)	(19,721)	(5,989)
Net loss attributable to China Cablecom Holdings, Ltd.	(13,411)	(54,869)	(14,408)	(20,737)	(5,989)
Net loss per share					
Basic	(5.42)	(16.18)	(1.97)	(1.57)	(0.42)
Diluted	(5.42)	(16.18)	(1.97)	(1.57)	(0.42)
Weighted average number ordinary shares, Basic and diluted					
Basic	2,472,504	3,391,924	7,327,475	13,244,284	14,377,967
Diluted	2,472,504	3,391,924	7,327,475	13,244,284	14,377,967

Weighted ordinary share numbers have been restated to reflect the Company's March 2, 2010 1-for-3 Reverse Split.

	As of December 31, 2008	As of December 31, 2009	As of December 31, 2010	As of December 31, 2011	Year Ended December 31, 2012
(in US\$ thousands)					
Balance Sheet Data:					
Cash and cash equivalents	9,427	6,993	929	593	10,080
Prepaid expenses and advances	6,856	6,075	3,646	60	4
Other receivables	-	-	-	-	318
Total current assets	16,283	13,068	4,575	653	10,402
Property, plant & equipment, net	202	159	138	22	4
Investment in operating joint ventures	40,045	66,103	64,027	50,378	-
Loan advances	-	-	-	-	1,322
Total assets	57,773	81,317	70,384	52,353	11,728
Current portion of long term debt, net of discount	9,482	-	-	34,977	417
Amount due to Hubei Chutian	-	10,734	7,050	3,189	-
Total current liabilities	10,272	11,242	9,120	44,376	5,770
Convertible notes, net of discounts	16,684	-	-	-	-
Senior secured notes, net of discounts	-	7,973	10,634	-	-
Junior secured notes, net of discounts	-	17,063	16,159	-	-
Unsecured notes, net of discounts	-	5,135	4,218	-	-
Notes payable, net of discount and current portion	-	-	-	-	-
Total liabilities	26,956	41,412	40,131	44,376	5,770
Total shareholders equity	30,817	39,905	30,253	7,977	5,958

C. Reasons for the Offer and Use of Proceeds

Not required.

D. Risk factors

Risks Relating to Our Business

We have entered into an agreement to sell our remaining business operations in the PRC and have suspended our other operating joint venture, which may make it difficult for you to evaluate our prospects.

We entered into a joint venture with Binzhou Broadcasting in September 2007 and Hubei Chutian in June 2008. In late 2010, however, the Government of Shandong Province made an announcement for the consolidation of its provincial cable assets in Shandong Province. In accordance with “Lu Ban Fa” (2010) No.18, the Province will create a new company namely “Shandong Broadcasting and Television Network Co., Ltd.” and required all the cable network companies in Shandong Province to transfer all their assets and revenue to Shandong Broadcasting and Television Network Co., Ltd. Under this government policy, Binzhou Broadcasting was also required to transfer all its assets and revenue to the new company with effect from September 16, 2011. The business operation of Binzhou Broadcasting was therefore suspended effective September 16, 2011. All the contractual agreement and the exclusive services agreement made between JYNT, Binzhou SOE and Binzhou Broadcasting were effectively accordingly terminated.

During the year ended December 31, 2011, Binzhou SOE charged a penalty of \$754,979 (RMB5,000,000) against JYNT for the failure of settlement of further capital contributions of \$16 million in accordance with the “Amendment Framework Agreement” regarding Binzhou Broadcasting. As a result, the economic benefit percentage of JYNT and Binzhou SOE in Binzhou Broadcasting was proportionally adjusted to reflect the actual fund provided and the deduction of the penalty charged. The parties are currently negotiating the existence and continued operations of Binzhou Broadcasting and the extent of the continued obligations of JYNT.

On October 20, 2011, JYNT was approached by the joint venture partner, Hubei SOE, regarding the purchase of the assets and equity interest in Hubei Chutian. The proposed offer was agreed and approved by the Board of Directors of the Company. The parties entered into a Termination Agreement on March 22, 2012 and an Equity Transfer Agreement on June 15, 2012, pursuant to which the parties agreed to consideration of \$59,451,471 for the purchase by Hubei SOE of the assets and equity interest in Hubei Chutian, (RMB374,140,000) to be received in six installments. As of September 13, 2012, JYNT had received \$59,133,278 (RMB372,140,000) of the total consideration. In accordance with the terms of the agreement, JYNT agreed to transfer back its entire 49% equity interest in Hubei Chutian to the Hubei SOE and terminate the joint venture contractual agreement, technical services agreement and loan agreement with Hubei Chutian and Hubei SOE respectively. As a result, Hubei Chutian was no longer the operating joint venture of JYNT since June 15, 2012.

There can be no assurance that JYNT's negotiations regarding Binzhou Broadcasting will result in the receipt of any consideration from Binzhou SOE regarding the transfer of its operating assets nor that Hubei SOE will continue to honor its payment obligations regarding the transfer of Hubei Chutian. Any such funds received by JYNT in the PRC are intended to be used by the Company to satisfy outstanding debt obligations, although such payments would require approval by the PRC government regarding currency transfers involving the Renminbi and may also be subject to applicable restrictions under PRC corporate and tax laws. The timing and amounts of any such intended payments cannot be estimated by us at this time.

We are the defendant in a Section 12(j) proceeding by the SEC, the outcome of which may materially and adversely affect the trading market for our ordinary shares.

On September 5, 2013, the SEC instituted administrative proceedings pursuant to Section 12(j) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") against the Company seeking the possible suspension or revocation of the Company's registration under Section 12 of the Exchange Act. A pre-hearing conference has been scheduled for December 6, 2013 to discuss evidence regarding the matters described in the SEC order regarding this proceeding. While we cannot predict the outcome of this matter, should the administrative law judge enter an order revoking our status under the Exchange Act, brokers in the U.S. would no longer be permitted to execute trades regarding our ordinary shares, which would materially and adversely affect the trading market for our ordinary shares.

We are subject to the risk of possibly becoming an investment company.

Under Section 3(a)(1)(C) of the Investment Company Act of 1940 (the "1940 Act"), an issuer is deemed to be an investment company if it is engaged in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposes to acquire "investment securities" having a value exceeding 40% of the value of the issuer's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. The 1940 Act defines "investment securities" broadly to include virtually all securities except U.S. government securities and securities issued by majority-owned subsidiaries that are not themselves regulated or exempt investment companies. Rule 3a-1 under the 1940 Act exempts an issuer if no more than 45% of its total assets consist of, and not more than 45% of its net income (for the last four fiscal quarters combined) is derived from, securities other than U.S. government securities, securities issued by employees' securities companies, securities of majority-owned subsidiaries and primarily controlled companies.

We currently have no plans to invest the proceeds of the sales of Hubei Chutian or Binzhou Broadcasting in investment securities. If we do invest the proceeds in investment securities, it is possible that we could inadvertently be deemed to be an investment company under the 1940 Act. If we were to inadvertently become an investment company, we would have one year to divest of a sufficient amount of investment securities and/or acquire other assets sufficient to cause us to no longer be an investment company. Registered investment companies are subject to extensive, restrictive and potentially adverse regulation relating to, among other things, operating methods, management, capital structure, dividends and transactions with affiliates. If it were established that we are an unregistered investment company, there would be a risk, among other material adverse consequences, that we could become subject to monetary penalties or injunctive relief, or both, in an action brought by the SEC, that we would be unable to enforce contracts with third parties or that third parties could seek to obtain rescission of transactions with us undertaken during the period it was established that we were an unregistered investment company.

We do not believe that our planned principal activities will subject us to the 1940 Act. If we are deemed to be subject to the 1940 Act, compliance with these additional regulatory burdens would increase our operating expenses.

ITEM 4. INFORMATION ON THE COMPANY**A. History and Development of the Company.**

China Cablecom Holdings was formed on October 25, 2007, in the British Virgin Islands, and operated through a wholly-owned subsidiary China Cablecom Ltd., a British Virgin Islands company, which (through subsidiaries) was a joint-venture provider of cable television services in the PRC, operating in partnership with a local state-owned enterprise ("SOE") authorized by the PRC government to control the distribution of cable TV services. China Cablecom acquired the network it formerly operated in Binzhou, Shandong Province in September 2007 and in Hubei Province in June 2008 by entering into a series of asset purchase and services agreements with a company organized by SOEs owned directly or indirectly by local branches of SARFT in five different municipalities to serve as a holding company of the relevant businesses.

B. Business Overview**Overview**

Prior to March 2012, we were a joint-venture provider of cable television services in the PRC, operating in partnership with a local state-owned enterprise authorized by the PRC government to control the distribution of cable TV services (“SOE”). We acquired the networks we previously operated in Binzhou, Shandong Province in September 2007 and in Hubei Province in June 2008 by entering into a series of asset purchase and services agreements with companies organized by SOEs owned directly or indirectly by local branches of SARFT to serve as holding companies of the relevant businesses. Following the recent disposal of our interest in the Hubei network and suspension of operations in Binzhou, we are a dormant, non-operating company.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and senior management

Our board of directors and executive officers are as follows:

Name	Age	Position
Clive Ng	51	Director and Executive Director
Pu Yue	41	Chief Executive Officer
Sikan Tong	41	Chief Financial Officer
Kerry Propper	38	Director
Mark Nordlicht	46	Independent Director

Clive Ng has served as Executive Chairman of the board of China Cablecom since its inception on October 6, 2006 and as a director and Executive Chairman of China Cablecom Holdings since October 2007. From 2000 to 2003, he was the Chief Executive Officer of Pacific Media PMC, a home shopping company, Mr. Ng co-founded TVB Superchannel Europe in 1992, which has grown to become Europe's leading Chinese language broadcaster. He also owned a 50% stake in HongKong SuperNet, the first Hong Kong based ISP which was then sold to Pacific Internet (NASDAQ:PCNTF). He was Chairman and founder of Asia content (NASDAQ:IASIA), one of the first Asian internet companies to list in the United States, that has been a joint venture partner with NBCi, MTVi, C-NET, CBS Sportsline and DoubleClick in Asia. Mr. Ng was also one of the initial investors and founder of E*TRADE Asia, a partnership with E*TRADE Financial Corp (NYSE: ET). He is also a founding shareholder of MTV Japan, with H&Q Asia Pacific and MTV Networks (a division of Viacom Inc).

Pu Yue has served as general manager and Chief Executive Officer of China Cablecom since its inception in 2006 and Chief Executive Officer of China Cablecom Holdings since October 2007. Mr. Pu was an intelligence officer with China's National Security Service from 1993 to 1995. He then worked as a logistics specialist with the joint venture between Crown Cork & Seal and John Swire & Sons in Beijing. In 1997, he joined Economic Daily, where he spent a two-year journalism career with China Entrepreneur Magazine. From 1999 to 2000, he oversaw the inception of Macau 5-Star Satellite TV, a mainland China satellite TV channel venture in which his family took significant investment. From 2004 to 2006, Mr. Pu was in charge of business development for a TV advertising consolidation venture under HC International. Mr. Pu holds MBA from Jesse H. Jones Graduate School of Management of Rice University, and Bachelor of Law from University of International Relations in Beijing, China.

Sikan Tong has served as Chief Financial Officer of China Cablecom since March 31, 2009. From March 2008 to February 2009, Mr. Tong was the Senior Vice President of the Company where he was responsible for the Company's internal control over financial reporting. From September 2006 to February 2008, Mr. Tong was the Chief Financial Officer of Merrylin International Holding, which manages Merrylin restaurants and Motel 168 hotel chains in China, where he spearheaded Merrylin's IPO and closely managed fundraising activities through private placements. Mr. Tong served as Head of Accountancy Training at The Financial Training Company, a leading provider of professional qualifications and business training in the United Kingdom and Asia, which later became part of Kaplan Inc. from November 2005 to August 2006. From May 2003 to October 2005, Mr. Tong served as the learning and education manager of the Shanghai office of PriceWaterhouseCoopers where he began his career in the audit practice and was responsible for lecturing and organization of the training courses. Mr. Tong received his Bachelor degree from Shanghai University in 1995 in Mechanic and Robotic.

Kerry Propper has been a director of China Cablecom Holdings since October 2007. Mr. Propper also sits on the board of directors of China Networks International Holdings Ltd. Mr. Propper has been the owner and chief executive officer of Chardan Capital Markets LLC, a New York – based broker/dealer, since July 2003. Mr. Propper was a founder, and from February 1999 to July 2003 the owner and managing director of Windsor Capital Advisors, a full service brokerage firm also based in New York. Mr. Propper worked at Aegis Capital Corp., a broker dealer and member firm of NASD. Mr. Propper received his B.A. (with honors) in Economics and International Studies from Colby College and studied at the London School of Economics.

CHINA CABLECOM HOLDINGS, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Binzhou Broadcasting and Television Information Network Co., Ltd

On October 1, 2007, the Company through JYNT entered into a joint venture partnership with its partner Binzhou SOE and formed Binzhou Broadcasting and Television Information Network Co., Ltd. ("Binzhou Broadcasting") and agreed to acquire 49% equity interest in Binzhou Broadcasting. The principal activity of Binzhou Broadcasting is provision of cable network services. Up to the reporting date, JYNT had only contributed \$14 million to Binzhou Broadcasting and there was a further capital contribution of \$16 million had been due but not yet settled.

During the year ended December 31, 2011, Binzhou SOE charged a penalty of \$754,979 (RMB5,000,000) against JYNT for the failure of settlement of further capital contribution of \$16 million in accordance with the "Amendment Framework Agreement". As a result, the economic benefit percentage of JYNT and Binzhou SOE in Binzhou Broadcasting will be proportionally adjusted to reflect the actual fund provided and the deduction of penalty. Meanwhile, both parties shall negotiate the existence and continued operation of the Binzhou Broadcasting triggered such failure of the obligation of JYNT.

In late 2010, the Government of Shandong Province made an announcement for the consolidation of its provincial cable assets in Shandong Province. In accordance with "Lu Ban Fa" (2010) No.18, the Province will create a new company namely "Shandong Broadcasting and Television Network Co., Ltd." and required all the cable network companies in Shandong Province to transfer all its assets and revenue to Shandong Broadcasting and Television Network Co., Ltd. Under this government policy, Binzhou Broadcasting is also required to transfer all its assets and revenue to the new company with effective from September 16, 2011. The business operation of Binzhou Broadcasting was suspended since then. All the contractual agreement and the exclusive services agreement made between JYNT, Binzhou SOE and Binzhou Broadcasting were effectively terminated accordingly. The Company is still in the process of negotiation on the compensation of its investments in Binzhou Broadcasting with its joint venture partner, Binzhou SOE. However, the business operation has been transferred to Shandong Broadcasting and Television Network Co., Ltd. since September 16, 2011 although Binzhou Broadcasting still holds all the operating assets.

The Company believes a settlement can be reached with Binzhou SOE and/or Shandong Broadcasting and Television Network Co., Ltd. to receive a compensation for its investment which will be more than its carrying value. However, the settlement of such compensation was uncertain at the reporting date. Therefore, the management decided to make a full provision on its investment cost and loan advances, totalling \$9,806,150.

Hubei Chutian Video Communication Network Co., Ltd

On June 16, 2008, the Company through JYNT entered into a joint venture partnership with its partner Hubei SOE and formed Hubei Chutian Video Communication Network Co., Ltd. ("Hubei Chutian") and agreed to acquire 49% equity interest in Hubei Chutian.

The principal activity of Hubei Chutian is provision of cable network services. The Company accounts for the percentage of investment, under the equity method of accounting, based on actual equity contribution made by JYNT at each of the reporting date.

JYNT and Hubei SOE entered into a Termination Agreement on March 22, 2012 and an Equity Transfer Agreement on June 15, 2012, pursuant to which the parties agreed to consideration of \$59,451,471 (RMB374,140,000) for the purchase by Hubei SOE of the assets and equity interest in Hubei Chutian. JYNT agreed to transfer back all 49% equity interest of Hubei Chutian to Hubei SOE and to terminate the joint venture contractual agreement, technical services agreement and loan agreement with Hubei Chutian and Hubei SOE respectively. Hubei Chutian was no longer the operating joint venture of JYNT. The total gain on disposal of investment was \$7,889,513 after deducting the total investment of \$50,378,205 and accumulated translation adjustment of \$1,183,753.